

Free legal services for personal tax and estate planning. A nonprofit organization whose primary activity is the offering of free legal services for personal tax and estate planning to individuals who wish to make current and deferred gifts to charity as part of their overall tax and estate planning does not qualify for exemption under section 501(c)(3) of the Code.

Advice has been requested whether the nonprofit organization described below, which otherwise qualifies for exemption from Federal income tax under section 501(c)(3) of the Internal Revenue Code of 1954, is operated exclusively for charitable purposes.

The organization's stated purpose is to encourage individuals to donate funds to charitable organizations. The primary activity of the organization is the offering of free legal services for personal tax and estate planning to individuals who wish to make current and deferred gifts to charity as part of their overall tax and estate planning. The organization itself is not affiliated with any particular charitable organization but rather encourages the client to provide for charities of personal interest. The legal services are provided by the organization's staff of attorneys. Although clients are generally not indigent, the organization does not require any payment for its services. Its main source of funds is from public contributions. Expenditures are for salaries and office expenses.

Section 501(c)(3) of the Code provides for the exemption from Federal income tax of organizations organized and operated exclusively for charitable purposes.

Section 1.501(c)(3)-1(d)(1)(ii) of the Income Tax Regulations provides that an organization is not organized or operated exclusively for an exempt purpose unless it serves a public rather than a private interest.

Section 1.501(c)(3)-1(d)(2) of the regulations provides a definition of the term "charitable." It is used in its generally accepted legal sense and includes relief of the poor and distressed and promotion of social welfare through charitable activities.

Aiding individuals in their tax and estate planning is not a charitable activity in the generally accepted legal sense. The organization is providing commercially available services to individuals who can afford them. Although funds may ultimately be made available to charity as a result of the organization's planning assistance to individuals, the benefits to the public are tenuous in view of the predominantly private purpose served by arranging individuals' tax and estate plans. The fact that gifts to charity are contemplated in the plans drawn up does not convert the assistance into a charitable activity or one that promotes social welfare within the meaning of section 1.501(c)(3)-1(d)(2)

of the regulations.

Accordingly, the organization is not operated exclusively for charitable purposes and does not qualify for exemption from Federal income tax under section 501(c)(3) of the Code.